

Building Blocks for Effective Housing Elements

Non-Governmental Constraints

Government Code Section 65583(a)(6) requires “An analysis of potential and actual nongovernmental constraints upon the maintenance, improvement, or development of housing for all income levels, including the availability of financing, the price of land, and the cost of construction.”

Although nongovernmental constraints are primarily market-driven and generally outside direct government control, localities can significantly influence and offset the negative impact of nongovernmental constraints through responsive programs and policies. Analyzing specific housing cost components including the cost of land, construction costs, and the availability of financing assists the locality in developing and implementing housing and land-use programs that respond to existing local or regional conditions. While the cost of new housing is influenced by factors beyond a locality’s control, local governments can create essential preconditions (favorable zoning and development standards, fast track permit processing, etc.) that encourage and facilitate development of a variety of housing types and affordable levels.

I. REQUISITE ANALYSIS

1. Land Costs – Estimate the average cost or the range of costs per acre for single-family and multifamily zoned developable parcels.
2. Construction Costs – Generally estimate typical total construction costs includes materials and labor.
3. Availability of Financing - Consider whether housing financing, including private financing and government assistance programs, is generally available in the community. This analysis could indicate whether mortgage deficient areas or underserved groups exist in the community. The financing analysis may also identify the availability of financing from private foundations (including bank foundations) corporate sponsors, community foundations, community banks, insurance companies, pension funds, and/or local housing trust funds.

Potential Contacts and Data Sources to Assist in Analysis

- Local Developers and Title companies
- Building Department (Valuation Data)
- Local Banks [Home Mortgage Disclosure Act (HMDA) data]
- For-Profit and Non-profit Building Industry

KEY IDEAS

II. HELPFUL HINTS

Jurisdictions that prepare an Analysis of Impediments to Fair Housing Choice (AI) for the Consolidated Plan may be able to use policy information from the Plan to assist with the analysis of available financing.

III. MODEL ANALYSES

[Highlighted Jurisdiction- City of Los Angeles](#)

[Highlighted Jurisdiction- City of Yuba City](#)

IV. LINKS

[U.S Census Bureau Construction Statistics](#)

[The California Association of Realtors](#). Sales and median price data of existing single-family homes in the state.

[California Building Industry Association Housing Statistics](#). Figures on housing starts and a housing affordability index.

[The National Association of Homebuilders](#). Local economic and housing data including construction statistics, home sales and prices, housing finance, housing market and housing opportunity indexes.

[National Development Council](#). Works with local governments and other nonprofit organizations providing development expertise, financing resources, program experience, and financial analysis skills and training.

[Community Reinvestment Act](#)

[Home Mortgage Disclosure Act](#)

[Non-Profit Housing Association of Northern California](#)

[Southern California Association of Non-Profit Housing](#)

[California Building Industry Association](#)

[San Diego Housing Federation](#)